

## AFRICA RISK CONSULTING

### Botswana Monthly Briefing September 2025

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#### Botswana Summary 4 September 2025

*President Duma Boko (2024-present) declares a public health state of emergency as a direct response to a critical shortage of essential medicines and medical supplies that has left hospitals and clinics across the country out of stocks. A complex and contradictory economic scenario is unfolding in the country, pitting commercial banks against the Bank of Botswana (central bank) in a tense standoff over interest rates. Botswana is still moving aggressively to increase its 15% stake in United Kingdom (UK)-headquartered De Beers despite a severe downturn in the global diamond market.*

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#### Boko declares public health state of emergency

President **Duma Boko** (2024-present) on 25 August [declared](#) a public health state of emergency as a direct response to a critical shortage of essential medicines and medical supplies that has left hospitals and clinics across the country out of stocks. Reports from major healthcare facilities describe empty pharmacy shelves, surgeries being postponed indefinitely, and patients being turned away or asked to source their own basic drugs. This is a stark contrast to Botswana's public health history, which includes a well-managed response to the **HIV/AIDS** epidemic.

The main cause of the issue [is](#) the significant contraction in government revenue. Botswana's economy is heavily dependent on diamond mining, which traditionally funds a substantial portion of the national budget, including healthcare. Recent global economic headwinds and a softening demand for diamonds have led to a dramatic drop in income from diamonds. With less money flowing into state accounts, the government's ability to finance its import-dependent health sector has been severely compromised. This revenue shock has also [exposed](#) a critical lack of diversification in the economy, making its public services vulnerable to the volatile cycles of a single commodity.

Compounding the financial shortfall are persistent global supply chain disruptions with aftershocks from the **Covid-19** pandemic still being felt in international logistics and manufacturing. Botswana, as a landlocked country, [relies](#) on complex import routes to receive medical supplies. Delays at ports, increased shipping costs, and manufacturing backlogs for key drugs have created bottlenecks that an already economically stagnate country is struggling to navigate. This global challenge has hit Botswana harder than many of its peers due to its pre-existing budgetary constraints.

Another issue is the reported profound inefficiency and alleged [corruption](#) within the country's medical procurement system. The government's central medical supplier, the **Central Medical Stores (CMS)**, has been described as dysfunctional and crippled by bureaucracy. Rather than operating as a streamlined logistics hub, the system is reportedly inflated by multiple layers of "[middlemen](#)" or intermediaries. These agents, allegedly often politically connected, insert themselves into the supply chain, procuring drugs from international manufacturers and selling them to the government at massively inflated prices. This practice not only drains the limited health budget but also introduces delays as contracts are negotiated and renegotiated. The result is a system where funds are siphoned off before they can ever be translated into tangible medical supplies for patients.

The declaration of a state of emergency grants the government powers to bypass these cumbersome normal procurement procedures, allowing it to source medicines directly and rapidly. While a necessary short-term fix, it does little to address the deep-rooted problems. The health emergency is a reminder for the government of the dangers of economic over-reliance and systemic corruption. It

further underscores how a nation's health is inextricably linked to its economic health and governance integrity.

### Tight liquidity strains economy despite loose monetary policy

A complex and contradictory economic scenario is unfolding in the country, pitting commercial banks against the **Bank of Botswana** (central bank) in a tense standoff over interest rates. Despite the central bank maintaining an accommodative monetary policy stance for [over](#) a year, businesses and consumers are facing a persistent hike in lending rates. This divergence highlights a critical conundrum for policymakers - how to stimulate a diamond-dependent economy, heavily impacted by global headwinds, while navigating domestic inflationary pressures and a stubborn liquidity crunch.

The BoB has held its benchmark rate steady at 1.9% since the [last](#) cut in August 2024, marking six consecutive meetings of no change. This policy is deliberately designed to be stimulatory, aiming to encourage borrowing and investment to fuel economic growth. However, this intent has not translated into reality on the ground. Instead of falling, commercial banks' prime lending rates have been climbing, recently touching a multi-year high of 7.76%. This directly contradicts the central bank's efforts to foster a low-interest-rate environment.

The root of this disconnect lies not in the policy rate itself, but in a severe tightening of liquidity within the domestic banking system largely caused by lower government revenues. Banks are primarily funded by deposits, mostly from government and state-owned enterprises (SOEs) and competition for these deposits has intensified dramatically. To attract and retain depositors, banks have been forced to aggressively raise deposit rates. This increased cost of sourcing funds is then inevitably passed on to borrowers through higher lending rates, effectively decoupling them from the BoB's policy rate. The BoB has publicly [expressed](#) its dissatisfaction, engaging commercial banks to warn against "unwarranted" rate hikes that threaten to stifle private sector growth and foreign direct investment.

Compounding this dilemma is the rising spectre of inflation. After a long period within the BoB's 3% to 6% target range, inflation is projected to inch higher, [driven](#) largely by recent adjustments in the exchange rate. A weaker pula increases the cost of imported goods, injecting inflationary pressure into the economy. Ordinarily, a central bank would combat rising inflation by raising its policy rate to cool demand. However, this is not an option for the BoB. Raising the rate to curb inflation would directly contradict its primary objective of supporting the struggling economy. It would also further exacerbate the very liquidity tightness that is causing high lending rates in the first place.

Consequently, the central bank finds itself caught in a triple bind. It cannot easily cut rates further due to rising inflation risks. It is unwilling to hike rates for fear of crushing economic growth. And its current hold stance is failing to translate into lower market rates due to the autonomous liquidity dynamics of the banking sector. The path forward requires a nuanced approach beyond traditional monetary policy. For now, the standoff continues, leaving businesses in a tough economic position.

### Botswana continues push for De Beers stake

Despite a severe downturn in the global diamond market that has pushed its longtime partner, **United Kingdom (UK)**-headquartered **Anglo American**, to sell its 85% stake in its subsidiary, **De Beers**, Botswana is [moving](#) aggressively to increase its own 15% share De Beers. This is a bold strategy that pits immediate fiscal realities against long-term national interest.

Boko's government is struggling with the challenges of low revenues and a significant budget deficit, with domestic pressures amplified by his election promises, including higher student allowances and a boosted minimum wage. These commitments require a healthy treasury, not a depleted one.

However, the government sees Anglo American's planned exit not as a threat, but as a historic opportunity. For over half a century, the 50/50 **Debswana** joint venture between Botswana and De Beers has been the engine of the nation's remarkable economic growth, transforming it from one of the poorest countries at independence to an upper-middle-income nation. Losing influence over De

Beers to an unknown third-party buyer could jeopardise this vital partnership and, by extension, Botswana's economic sovereignty.

But achieving this is a difficult task. The Botswana government has expressed frustration, characterising Anglo American's sales process as lacking transparency. This has prompted Gaborone to take decisive action by [enlisting](#) top-tier financial advisers, including the **United States (US)**-based investment bank **Lazard**, to guide its strategy and negotiations. Further complicating the calculus is the question of price. The diamond market is in a slump, and Anglo American will be seeking maximum value for its asset. For Botswana, funding a major acquisition is a formidable hurdle. This has led to reports of the nation [courting](#) interest from companies and sovereign wealth funds in the **Gulf**, potentially creating a consortium to finance the deal. While this could provide the necessary capital, it introduces new partners and shared interests into what was previously a bilateral relationship, adding a new layer of geopolitical complexity.

### Planner

Sep 2025 **Gaborone (Botswana)** 2025/26 national budget mid-term review

30 Oct 2025 **Gaborone (Botswana)** **Bank of Botswana** (central bank) **Monetary Policy Committee (MPC)** decision

### Chronology

2 Sep 2025 **Gaborone (Botswana)** *Sunday Standard*. Months after signalling its retreat from retail banking, **Standard Chartered Bank Botswana** has moved a step closer to exiting the segment, confirming that it has shortlisted three bidders for the sale of its wealth and retail banking business;

2 Sep 2025 **Gaborone (Botswana)** *Sunday Standard*. The alcohol industry has attributed upcoming price increases to the ongoing devaluation of the pula, as **Kgalagadi Breweries Limited (KBL)**, one of the country's leading brewers, is planning to adjust its product prices from September;

30 Aug 2025 **Gaborone (Botswana)** *Mmegi*. **Directorate on Intelligence and Security** director general **Peter Magosi** faces potential contempt of court charges after five suspended officers accused him of defying a high court ruling;

29 Aug 2025 **Gaborone (Botswana)** *Mmegi*. State-owned investment agency, the **Botswana Development Corporation (BDC)**, says it has noted strong interest from local and international investors for its new P5 billion (\$370.4m) health fund and is confident of successfully reaching a first close of P2.5 billion (\$185.2m) by 30 September;

29 Aug 2025 **Gaborone (Botswana)** *Mmegi*. A **Bank of Botswana** (central bank) survey reveals that business confidence is being hit hard by worries over slow government spending, with most firms expecting a tight operating environment through to the first half of next year;

29 Aug 2025 **Gaborone (Botswana)** *Mmegi*. The **Directorate on Corruption and Economic Crime (DCEC)** says it has recovered assets worth P144m (\$10.6m) in proceeds of corruption, marking the agency's most significant return of wealth to the state since its establishment 30 years ago;

29 Aug 2025 **Gaborone (Botswana)** *Mmegi*. State-owned **Botswana Vaccine Institute (BVI)** announces plans for a P500m (\$37.03m) revamp of its production plant, a move aimed at modernising operations, improving efficiency, and positioning the institute for long-term sustainability;

27 Aug 2025 **Gaborone (Botswana)** *Mmegi*. Minerals and energy minister, **Bogolo Kenewendo**, says legal changes are due in the next parliamentary sitting that will formally recognise the differentiation between natural diamonds and synthetics in Botswana;

27 Aug 2025 **Gaborone (Botswana) Mmegi**. President **Duma Boko** warns that Botswana is facing a severe issue of inflated medicine prices, with costs marked up five to ten times above normal levels;

26 Aug 2025 **Gaborone (Botswana) Mmegi**. **Bank of Botswana** (central bank) revises its inflation forecasts, expecting inflation to average 3.5% this year, from a June projection of 2.7%, due to the acceleration of prices following recent changes to the pula exchange rate framework;

24 Aug 2025 **Gaborone (Botswana) Sunday Standard**. Northern Botswana is grappling with a dual threat as outbreaks of avian bird flu and Newcastle disease jeopardise both the poultry industry and tourism sector;

24 Aug 2025 **Gaborone (Botswana) Sunday Standard**. **Botswana Stock Exchange (BSE)** records historic trading volumes in the first half of 2025, with total turnover across all listed instruments reaching P7.1 billion (\$525.9m) almost double the P3.6 billion (\$266.7m) registered during the same period last year;

23 Aug 2025 **Gaborone (Botswana) Mmegi**. **Chinese** national **Weng Jiajin** appears in the **Broadhurst** magistrates court on 994 charges of obtaining by false pretences linked to a 2023 investment scam;

21 Aug 2025 **Gaborone (Botswana) Reuters**. President **Duma Boko** announces an agreement with **Qatar's Al Mansour Holdings**, aimed at addressing immediate national challenges, with the Gulf firm committing to \$12 billion in investments in various economic sectors;

19 Aug 2025 **Gaborone (Botswana) Mmegi**. Government confirms that the **United States (US)** has reduced tariffs on Botswana's direct exports from 37% to 15%, effective 7 August;

19 Aug 2025 **Gaborone (Botswana) Mmegi**. Finance minister, **Ndaba Gaolathe**, says government will tighten spending further following a difficult first half of the year marked by a sharp drop in diamond revenues;

18 Aug 2025 **Gaborone (Botswana) Mmegi**. **South Africa-based African Centre for Governance (ACG)** announces the appointment of former president **Ian Khama** as its new patron;

18 Aug 2025 **Gaborone (Botswana) Sunday Standard**. Finance minister **Ndaba Gaolathe** says revenue collections improved between November 2024 and June 2025, but dependence on **Southern African Customs Union (SACU)** transfers has grown as mineral receipts remain below historical norms and fiscal savings hit record lows;

18 Aug 2025 **Gaborone (Botswana) Sunday Standard**. Parliament approves a landmark bill regulating cannabis cultivation, manufacture, and trade for medicinal, scientific, research, and industrial purposes;

18 Aug 2025 **Gaborone (Botswana) Sunday Standard**. **Canada-based Lucara Diamond Corp** warns of "material uncertainty" over its ability to continue after missing a key lender agreement for its \$190m **Karowe** underground project financing;

16 Aug 2025 **Gaborone (Botswana) Mmegi**. Regulatory changes that granted state-owned **Botswana Oil** a 90% petroleum import mandate cuts petroleum retailer **Engen Botswana's** profit before tax by P83m (\$6.1m);

15 Aug 2025 **Gaborone (Botswana) Mmegi**. **Botswana Stock Exchange (BSE)** and **Gaborone City Council (GCC)** sign a landmark agreement to work on the launch of the country's first municipal bond, a financing instrument that allows citizens to support urban infrastructure development;

15 Aug 2025 **Gaborone (Botswana) Mmegi**. The **Botswana Mine Workers Union (BMWU)** voices concern over what it describes as "a grave violation of workers' rights" at **Minergy's**

**Masama Coal Mine**, where contractor **Meropa Resources** is accused of failing to pay employees for four consecutive months;

6 Aug 2025 **Gaborone (Botswana) Mmegi**. **United Kingdom**-headquartered **De Beers** says it remains optimistic a market rebound and is encouraged by stable end-consumer demand in key regions like the **United States (US)** and **India**, reduced production to balance supply and plans to increase output from 2026, despite reporting a \$189m loss in the first half of 2025;

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